

Castings p.l.c.

Interim Management Report

Profit before tax after exceptional items for the six months ended 30th September 2009 was £1.89m.

Sales for the period April to September 2009 were £25.9m compared to £51.1m for the same period last year. For the first three months, sales continued at the same level as reported at the Annual General Meeting. It is pleasing to report that during the subsequent three months sales improved to about 60% of last year's values.

Our main markets, namely the commercial vehicle industry in Europe, have been adversely affected, firstly by inventory reduction, then the lack of finance for the purchase of new vehicles and the general state of the main economies.

We hope the improved sales will continue into 2010, but we do not expect to return to our previous high levels for some time. We are now operating efficiently in all foundries with our reduced workforce. The machine shop, CNC Speedwell, is now showing a slow recovery and also obtaining new business which will be good for the long term future.

Despite lower volumes the group generated cash from operating activities and after having paid the final dividend for last year still had £14m cash resources.

An interim dividend of 2.71 pence per share has been declared and will be paid on 8th January 2010 to shareholders who are on the register at 11th December 2009.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since publication of the annual report for the year ended 31st March 2009. A detailed explanation of the risks relevant to the group is on pages 8 and 9 of the annual report.

Cautionary statement

This Interim Management Report ("IMR") has been prepared solely to provide additional information to shareholders to enable them to assess the group's strategies and the potential for those strategies to succeed. The IMR should not be relied on by any other party or for any other purpose.

This IMR contains certain forward-looking statements. These are made by the directors in good faith based on the information available to them up to the time of their approval of this report but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

The group undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.

The IMR has been prepared for the group as a whole and therefore gives greater emphasis to those matters which are significant to Castings plc and its subsidiary undertakings when viewed as a whole.

By order of the board:

BRIAN J. COOKE
Chairman
26th November 2009

Castings p.l.c.
Lichfield Road
Brownhills
West Midlands
WS8 6JZ

Castings p.l.c.

Consolidated Statement of Comprehensive Income

For six months ended 30th September 2009
(Unaudited)

	Half year to 30 th September 2009 £'000	Half year to 30 th September 2008 £'000	Year to 31 st March 2009 £'000
Revenue	25,969	51,129	84,812
Cost of sales	19,911	(39,996)	(66,921)
Gross profit	6,058	11,133	17,891
Distribution costs	(326)	(727)	(1,208)
Administrative expenses			
Excluding exceptional items	(4,325)	(5,180)	(8,708)
Exceptional (see note 7)	435	(5,701)	(6,043)
Total administrative expenses	(3,890)	(10,881)	(14,751)
Profit/(loss) from operations	1,842	(475)	1,932
Finance income	49	996	1,684
Profit before income tax	1,891	521	3,616
Income tax expense	(529)	(146)	(2,994)
Profit for the period attributable to the equity holders of the parent company	1,362	375	622
Other comprehensive expense for the period:			
Change in fair value of available for sale financial assets	66	(527)	(199)
Actuarial losses on defined pension schemes	-	-	(296)
Tax effect of gains and losses recognised directly in equity	(18)	148	56
Total other comprehensive expense for the period (net of tax)	48	(379)	(439)
Total comprehensive income and expense for the period attributable to the equity holders of the parent company	1,410	(4)	183
Earnings per share attributable to the equity holders of the parent company			
Basic and diluted	3.12p	0.86p	1.43p

Castings p.l.c.

Consolidated Balance Sheet

30th September 2009
(Unaudited)

	30 th September 2009 £'000	30 th September 2008 £'000	31 st March 2009 £'000
Assets			
Non-current assets			
Property, plant and equipment	51,800	45,817	53,408
Financial assets	475	56	429
	<u>52,275</u>	<u>45,873</u>	<u>53,837</u>
Current assets			
Inventories	6,137	7,983	7,401
Trade and other receivables	14,743	22,614	13,854
Cash and cash equivalents	14,068	18,946	15,804
	<u>34,948</u>	<u>49,543</u>	<u>37,059</u>
Total assets	<u>87,223</u>	<u>95,416</u>	<u>90,896</u>
Liabilities			
Current liabilities			
Trade and other payables	10,448	18,332	12,608
Current tax liabilities	531	116	310
	<u>10,979</u>	<u>18,448</u>	<u>12,918</u>
Non-current liabilities			
Deferred tax liabilities	4,338	2,296	4,301
	<u>4,338</u>	<u>2,296</u>	<u>4,301</u>
Total liabilities	<u>15,317</u>	<u>20,744</u>	<u>17,219</u>
Net Assets	<u>71,906</u>	<u>74,672</u>	<u>73,677</u>
Equity attributable to equity holders of the parent company			
Share capital	4,363	4,363	4,363
Share premium account	874	874	874
Other reserves	13	13	13
Retained earnings	66,656	69,422	68,427
	<u>71,906</u>	<u>74,672</u>	<u>73,677</u>

Castings p.l.c.

Consolidated Cash Flow Statement

For six months ended 30th September 2009
(Unaudited)

	Half year to 30 th September 2009 £'000	Half year to 30 th September 2008 £'000	Year to 31 st March 2009 £'000
Cash flows from operating activities			
Profit before income tax	1,891	521	3,616
Adjustments for:			
Depreciation (net of profit on sale of property, plant & equipment)	2,193	2,476	5,159
Interest received	(49)	(996)	(1,684)
Excess of employer pension contributions over income statement charge	-	-	(296)
Decrease / (increase) in inventories	1,264	(929)	(347)
(Increase)/decrease in receivables	(889)	(26)	8,734
(Decrease) in payables	(2,160)	(257)	(5,981)
Cash generated from operating activities	<u>2,250</u>	<u>789</u>	<u>9,201</u>
Tax paid	<u>(289)</u>	<u>(1,784)</u>	<u>(2,525)</u>
Net cash generated from / (used in) operating activities	1,961	(995)	6,676
Cash flows from investing activities			
Purchase of property, plant and equipment	(585)	(9,521)	(19,888)
Proceeds from disposal of property, plant and equipment	-	-	93
Proceeds from disposal of financial assets	20	153	108
Interest received	49	996	1,684
Net cash used in investing activities	<u>(516)</u>	<u>(8,372)</u>	<u>(18,003)</u>
Cash flow from financing activities			
Dividends paid to shareholders	<u>(3,181)</u>	<u>(3,181)</u>	<u>(4,363)</u>
Net cash used in financing activities	<u>(3,181)</u>	<u>(3,181)</u>	<u>(4,363)</u>
Net decrease in cash and cash equivalents	(1,736)	(12,548)	(15,690)
Cash and cash equivalents at beginning of period	<u>15,804</u>	<u>31,494</u>	<u>31,494</u>
Cash and cash equivalents at end of period	<u>14,068</u>	<u>18,946</u>	<u>15,804</u>

Castings p.l.c.

Consolidated Statement of Changes in Equity (Unaudited)

	Equity attributable to equity holders of the parent				
	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 st April 2009	4,363	874	13	68,427	73,677
Total comprehensive income for the period ended 30 th September 2009	-	-	-	1,410	1,410
Dividends	-	-	-	(3,181)	(3,181)
At 30 th September 2009	<u>4,363</u>	<u>874</u>	<u>13</u>	<u>66,656</u>	<u>71,906</u>

	Equity attributable to equity holders of the parent				
	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 st April 2008	4,363	874	13	72,607	77,857
Total comprehensive expense for the period ended 30 th September 2008	-	-	-	(4)	(4)
Dividends	-	-	-	(3,181)	(3,181)
At 30 th September 2008	<u>4,363</u>	<u>874</u>	<u>13</u>	<u>69,422</u>	<u>74,672</u>

	Equity attributable to equity holders of the parent				
	Share capital £'000	Share premium £'000	Other reserve £'000	Retained earnings £'000	Total equity £'000
At 1 st April 2008	4,363	874	13	72,607	77,857
Total comprehensive income for the year ended 31 st March 2009	-	-	-	183	183
Dividends	-	-	-	(4,363)	(4,363)
At 31 st March 2009	<u>4,363</u>	<u>874</u>	<u>13</u>	<u>68,427</u>	<u>73,677</u>

Castings p.l.c.

Notes

1. GENERAL INFORMATION

Castings plc (the "Company") is a company domiciled in England. The condensed consolidated interim financial statements of the Company for the six months ended 30th September 2009 comprise the Company and its subsidiaries (together referred to as the "group").

The principal activities of the group are the manufacture of iron castings and machining operations.

The financial information for the year ended 31st March 2009 does not constitute the full statutory accounts for that period. The Annual Report and Financial Statements for 2009 have been filed with the Registrar of Companies. The Independent Auditors' Report on the Annual Report and Financial Statement for 2009 was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under 237(2) or 237 (3) of the Companies Act 1985.

This report has not been audited and has not been reviewed by independent auditors pursuant to the Auditing Practices Board guidance on Review of Interim Financial Information.

2. ACCOUNTING POLICIES

The annual financial statements of Castings plc are prepared using the recognition and measurement principles of IFRSs as endorsed by the European Union. The condensed set of financial statements has been prepared in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

Basis of preparation

After making enquiries, the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly condensed financial statements.

The same accounting policies, presentation and methods of computation are followed in the condensed set of financial statements as applied in the group's latest annual audited financial statements, except as described below.

Changes in accounting policies

In the current financial year, the group has adopted IAS 1, "Presentation of Financial Statements" (Revised).

IAS 1 Presentation of Financial Statements (Revised) includes the requirement to present a Statement of Changes in Equity as a primary statement and introduces the possibility of either a single Statement of Comprehensive Income (combining the Income Statement and a Statement of Comprehensive Income) or to retain the Income Statement with a supplementary Statement of Comprehensive Income. The first option has been adopted by Castings plc. As this standard is concerned with presentation only it does not have any impact on the results or net assets of the group.

IFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reports about components of the group that are regularly reviewed by the Chief Operating Decision Maker ("CODM"). By contrast IAS 14, "Segmental Reporting" required business and geographical segments to be identified on a risks and rewards approach. The business segmental reporting bases used by the company in previous years are those which are reported to the CODM, so the changes to the segmental reporting for 2009 are in respect of the additional disclosure only.

3. SEASONALITY OF OPERATIONS

The directors do not consider there to be any significant seasonality or cyclicity to the results of the group.

Castings p.l.c.

4. SEGMENT INFORMATION

The directors consider that there are two operating segments which meet the aggregation criteria. Therefore the directors consider that there is only one reportable aggregated segment. All disclosures required under IFRS 8 and IAS 34 have therefore already been given in these interim condensed consolidation financial statements.

The geographical analysis of revenues by destination for the period is as follows:

	Half year to 30 th September 2009 £'000	Half year to 30 th September 2008 £'000	Year to 31 st March 2009 £'000
United Kingdom	12,742	18,589	32,302
Sweden	3,798	10,453	17,312
Rest of Europe	8,929	21,193	33,610
North and South America	498	770	1,481
Other	2	124	107
	<u>25,969</u>	<u>51,129</u>	<u>84,812</u>

5. DIVIDENDS

	Half year to 30 th September 2009 £'000	Half year to 30 th September 2008 £'000
Amounts recognised as distributions to shareholders in the period:		
Final dividend of 7.29p for the year ended 31 st March 2009 (2008: 7.29p) per share	<u>3,181</u>	<u>3,181</u>

The directors have declared an interim dividend in respect of the financial year ending 31st March 2010 of 2.71 pence per share (2009: 2.71p), which will be paid on 8th January 2010.

6. EARNINGS PER SHARE AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. There are no share options or other potentially issuable shares; hence the diluted earnings per share is the same calculation.

	Half year to 30 th September 2009 £'000	Half year to 30 th September 2008 £'000	Year to 31 st March 2009 £'000
Profit after tax	<u>1,362</u>	<u>375</u>	<u>622</u>
Weighted average number of shares	<u>43,632,068</u>	<u>43,632,068</u>	<u>43,632,068</u>
Earnings per share – basic and diluted	<u>3.12p</u>	<u>0.86p</u>	<u>1.43p</u>

Castings p.l.c.

7. EXCEPTIONAL EXPENSES

- a) The exceptional credit of £435,000 relates to accruals for redundancy payments made as at 31st March 2009 that were not used due to the subsequent increase in production volumes and have therefore been released.
- b) The company reported in the group's annual financial statements as at 31st March 2009 that £1.86 million was included in other receivables as recoverable from the Icelandic Banks. So far £703,000 has been received and the remaining receivable is considered to be the recoverable amount at 30th September 2009..

Statement of Directors' Responsibilities

The directors' confirm that the condensed set of financial statements has been prepared in accordance with IAS 34 as adopted by the European Union and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8.

The directors of Castings plc are listed on the following page.

By order of the Board

J.C.Roby FCA
Finance Director
26th November 2009

Castings p.l.c.

Directors and Officers

Directors	B. J. Cooke, AdvDipNFC, MIBritF Chairman D. J.Gawthorpe, BSc (Hons), MIBritF Chief Executive J.C. Roby, FCA Finance Director M.A. Lewis, Managing Director, CNC Speedwell Ltd G. Cooper, Managing Director, William Lee Ltd C. P. King, FCA Non-executive G. B Wainwright, MIMgt, MEx, FRSA Non-executive A .J .Smith, MIBritF, IEng Non executive
Secretary and Registered Office	J.C. Roby, FCA Lichfield Road, Brownhills West Midlands, WS8 6JZ Tel: 01543 374341 Fax: 01543 377483 Web: www.castings.plc.uk
Registrars	Capita Registrars Northern House Woodsome Park Fenay Bridge Huddersfield West Yorkshire HD8 0LA Tel: 0871 664 0300 (calls cost 10p per minute plus network extras, lines are open 8.30am to 5.30pm Mon to Fri) Fax: 020 8658 3430
Auditors	BDO LLP Chartered Accountants 125, Colmore Row Birmingham B3 3SD
Solicitors	Enoch Evans (incorporating Kenneth Cooke & Co.) St Paul's Chambers, 6/9 Hatherton Road, Walsall, West Midlands, WS1 1XS Pinsent Masons LLP 3 Colmore Circus Birmingham B4 6BH
Bankers	HSBC Bank plc High Street, Brownhills, West Midlands, WS8 6HJ
Stockbrokers	Arden Partners plc Arden House, Highfield Road, Edgbaston, Birmingham, B15 3DU
Registered No.	91580